



Fundamental approach

Nomura Group believes that the social mission of the financial services sector is to contribute to economic growth and sustainable social development by facilitating the appropriate flow of funds in the capital markets through products and services that meet the needs of customers. In addition, to fulfill our responsibility as a company that operates globally, we offer financial services that contribute to addressing climate change and social issues and promote initiatives aimed at achieving sustainable development goals (SDGs).

## Sustainable finance

Contributing to sound and sustainable capital markets

### ESG bond initiatives

ESG (Environmental, Social and Governance) initiatives in corporate management are being scrutinized by institutional investors and have led to a strong tendency to view such initiatives as essential to enhancing corporate value. Investment in equity products that adhere to ESG principles has increased among institutional investors as a method for focusing on new corporate value, while ESG in fixed income investment is still in the development stage. In 2017, Nomura Securities assigned staff specializing in ESG bonds in the Debt

Capital Markets Department, one of the firm's underwriting divisions. In February 2018, Nomura Institute of Capital Markets Research established a dedicated research group, comprising outside experts, to focus on the sustainable development of ESG bond markets. The research group conducts research and studies measures for the stable and sustainable development of ESG bonds and markets in industry-government-academia collaborations. We will continue to contribute to the development of ESG bond markets.

### Social bonds: JICA bonds and BPCE bonds

Social bonds are instruments issued under a framework in which the proceeds are used to solve social issues. In Japan, the Japan International Cooperation Agency (JICA) has issued JICA bonds and Nomura Securities provided support as lead manager. In January 2018, Nomura Securities acted as lead manager and

underwrote and sold Social Samurai Bonds issued by Groupe BPCE, France's second-largest banking group. The proceeds from the social bonds are planned to be used for refinancing loans to customers of the local banks in the group, particularly for those in education, healthcare and other social activity areas.

### Green bonds: Japan Railway Construction, Transport and Technology Agency (JRTT) bonds and Nederlandse Waterschapsbank (NWB) bonds

The Paris Agreement negotiated at COP21 (The 21st Conference of the Parties to the UN Framework Convention on Climate Change), aims to keep the global temperature rise this century well below 2 degrees Celsius. Green bonds are issued to fund projects aimed at connecting issuers' activities with the 2°C goal and they are becoming more recognized is not only in the expanding overseas market but also in the Japanese market. In November 2017 and February 2018, Nomura Securities underwrote and sold green bonds issued by Japan Railway Construction, Transport and Technology Agency, as lead manager. The proceeds from the issuance of these bonds will be appropriated to the construction of new railway lines (Eastern Kanagawa Lines) that are considered effective for reducing carbon dioxide emissions. Moreover, Nomura Group is proactively underwriting and selling green bonds overseas. In November 2017, Nomura International acted as lead manager and underwrote and sold in the euro market euro-denominated green bonds issued by Nederlandse Waterschapsbank (NWB), a public financial

institution in the Netherlands. By supporting the development of green bond markets that provide private funds to investments for the transition to a low-carbon society, Nomura Group aims to respond to diversified customer needs for financing and fund management and to contribute to solving climate change.



A scene from the seminar "New Tide in Green Bonds" jointly held with Bloomberg Finance L.P. in May 2018

### Provision of research reports

Nomura Institute of Capital Markets Research (NICMR), an independent research institute in Nomura Group, aims to contribute to the development of financial and capital markets and the financial services sector through research and analysis of markets and systems in Japan and overseas from neutral and objective standpoints, and to disseminate its highly-specialized outputs both domestically and internationally. NICMR has also been bolstering its research on green bonds and ESG bond markets. Its report "Initiatives for the Establishment of Sustainable Finance in Europe," analyzes and offers a


commentary on the "Sustainable Finance: Commission's Action Plan for a Greener and Cleaner Economy" adopted by the European Commission in March 2018. Nomura Securities' Fiduciary Service Research Center, which provides asset management consulting services to institutional investors such as corporate pensions and public pensions, also issues reports on the topic of ESG investment both in Japan and overseas. Going forward, we will continue to provide information with a spotlight on ESG as a part of our pension investment management consulting.

Name of Report	Media	Issuer
Potential Use of Green Bonds as a New Financing Source for Local Governments	Nomura Journal of Capital Markets Winter 2017	Nomura Institute of Capital Markets Research
Overview and Future Challenges of ESG Bond Markets	Nomura Journal of Capital Markets Spring 2018	Nomura Institute of Capital Markets Research
Initiatives for the Establishment of Sustainable Finance in Europe	Nomura Journal of Capital Markets Spring 2018	Nomura Institute of Capital Markets Research
Focal Points of Climate-related Financial Disclosures for Institutional Investors	Nomura Journal of Capital Markets Summer 2018	Nomura Institute of Capital Markets Research
Social Bonds Attract Attention for Realizing a Sustainable Society	Nomura Journal of Capital Markets Summer 2018	Nomura Institute of Capital Markets Research
Ideas to Formulate ESG Investment Policy	Fiduciary Research, June 2018	Fiduciary Management Department, NSC

## Nomura Asset Management's initiatives for responsible investment

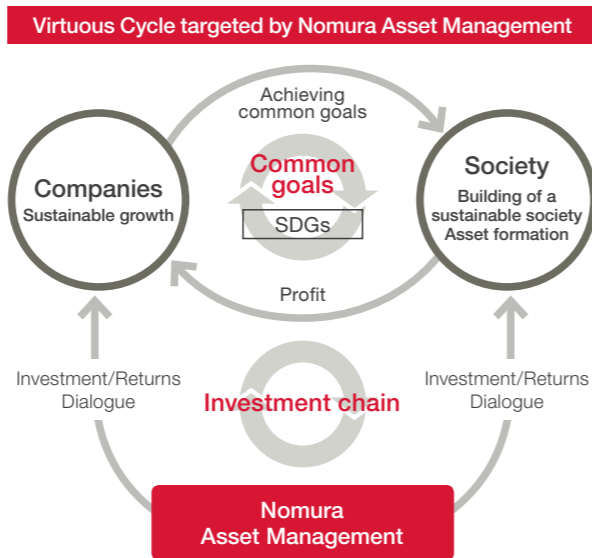
Nomura Asset Management believes that, as an investment management company trusted by clients and society, its mission is to contribute to the development of society through the asset management business. In order to achieve this, we are actively working on stewardship activities such as engagement and proxy voting based on our fiduciary duty as a responsible investor managing clients' assets. In particular, we emphasize ESG issues as a priority matter of corporate social responsibility and sustainability, from the perspective of an investment management company. We engage proactively by understanding how companies we invest in handle ESG issues and work to ensure that they tackle such issues appropriately. Concerning conflicts of interests, which we may face in the course of investment management, we rigorously maintain our independence, make sure not to harm the

interests of clients, and seek to maximize their interests via appropriate execution of voting rights. In particular, being a member of Nomura Group, comprising many financial institutions active in different business areas, Nomura Asset Management is exposed to potential risks concerning various conflicts of interests within the Group and therefore must make extra efforts to protect the interests of clients. In September 2016, we established the Conflict of Interest Management Policy so as to appropriately manage transactions with potential conflicts of interest.

 **Responsible Investment**  
<https://global.nomura-am.co.jp/responsibility-investment/>

## Responsibility of institutional investors toward achieving SDGs

The growth of ESG investment is being accompanied by investors' tendency to more highly evaluate companies aiming to share the United Nations' Sustainable Development Goals (SDGs) with society. If institutional investors provide capital to such companies, and these companies then use the capital for business expansion as well as contribute to achieving SDGs in areas such as the environment, hygiene, and education, this will eventually lead to realization of sustainable corporate growth and the building of a sustainable society. Furthermore, if the outcomes of ESG investment are allocated to investors in the form of investment returns, a better cycle of a SDGs-related investment chain can be created. Nomura Asset Management is committed to helping build such an investment chain that creates a virtuous cycle through ESG investment.



## Acceptance situation of stewardship code

By April 2017, Nomura Asset Management had signed the stewardship codes of six countries and regions. In the U.K., Nomura Asset Management U.K. is rated in the highest tier, Tier1, by the Financial Reporting Council (FRC) in its assessment of financial institutions based on their execution of the U.K. Stewardship Code.



## Promoting financial literacy to a wide range of people

Increasing financial literacy leads not only to enhanced asset formation and improved living standards, but also contributes to the healthy development of capital markets and the proper circulation of capital.

Nomura Group has been providing financial and economics education to different generations of people, so as to raise individuals' knowledge and understanding of finance and economics.

## Financial and economics education to the next generation

Nomura Group has spearheaded efforts to provide financial and economics education to young people in Japan. We began hosting financial courses for universities in 2001 and our employees in retail branches across Japan serve as lecturers, visiting classes at

elementary, junior, and senior high schools nationwide. Moreover, we are a special sponsor of the Nikkei Stock League Contest and donate learning materials to schools, providing economics and securities education opportunities to young people.

### Implementation status of programs

	Year first offered, number of classes, participants, etc.	Cumulative record as of March 31, 2018
<b>Visiting classes</b> (elementary, junior, senior high schools, universities, teachers)	2008	Number of classes: 11 Number of participants: 653
		Number of classes: 1,519 Number of participants: 63,164
<b>Financial courses for universities</b>	2001	Number of schools: 17 Number of participants: 3,000
		Number of schools: 1,864 Number of participants: 239,200
<b>Financial courses for the general public</b>	2003	Number of classes: 171 Number of participants: 11,431
		Number of classes: 8,120 Number of participants: 399,755
<b>Nikkei Stock League</b>	2000	Number of teams: 623 Number of participants: 2,604
		Number of teams: 27,950 Number of participants: 110,708

## Providing financial knowledge to investors focused on building assets

Nomura Group has been holding a wide range of seminars for new employees of private sector companies, including investment education on employees' share ownership plans, defined contribution pension plans, and accumulated-type NISA (Nippon Individual Savings Accounts), as well as life-planning seminars for these same employees. For public sector employees, we provide financial literacy education, including lifelong living plans, individual-type defined contribution pension plans, and accumulated-type NISA. By providing knowledge about money, which is necessary for a satisfying life, and teaching the basics of asset management, we will continue our efforts to "help enrich society through our expertise in capital markets."

### Number of seminars held and number of participants

